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SUBJECT: TRINIDAD & TOBAGO ECONOMIC HIGHLIGHTS - MAY

The following were notable economic issues in Trinidad & Tobago during the month of June.

- ¶1. GOTT-PCS Nitrogen Partner on Model Farm
- ¶2. Cuban farmers to help set up farms
- ¶3. US\$8M for Trinidad disaster preparedness
- ¶4. Inflation continues to decline
- ¶5. TSTT, Flow sign interconnect agreement
- ¶6. India invests in T&T
- ¶7. Non-energy investors hard to find
- ¶8. T&T opens trade office in Cuba
- ¶9. Work permit amendments go to Parliament
- ¶10. Climate Change MOA signed

- ¶1. GOTT-PCS Nitrogen Partner on Model Farm

Trade and Industry Minister and Chairman of the Prices Committee Kenneth Valley announced that the GOTT is partnering with fertilizer company PSC Nitrogen Trinidad Ltd. to establish a 50-acre model farm and agricultural resource centre in an effort to reduce the country's rising food bill. According to Valley, the project will provide the local farming community free access to state-of-the-art farming training facilities, technical assistance and technology not currently available in T&T. The Minister also advised that the GOTT is moving towards establishing a "state-of-the-art refinery" where raw sugar imports would be refined in T&T.

- ¶2. Cuban farmers to help set up farms

Agriculture Minister Jarrett Narine announced that a Cuban government delegation will visit T&T to help get two of ten proposed 100-acre farms off the ground. Prior to their arrival, a T&T delegation plans to visit Cuba to determine the appropriate type of farm for Trinidad. Meanwhile, the Rural Urban Development Company of T&T (Rudecott) issued requests for proposals to interested local, regional and international entities to run the other eight farms intended to help curb food price inflation and increase domestic food production.

- ¶3. US\$8M for Trinidad disaster preparedness

The GOTT National Security Minister Martin Joseph announced that the Office of Disaster Preparedness and Management (ODPM) was allocated US\$8 million to prepare for the upcoming hurricane season. He added that GOTT was working on a National Disaster Management Policy and also plans to develop an early public warning system for natural disasters. ODPM CEO Paul Saunders said that his organization has begun an aggressive public education campaign on disaster preparedness, which proposed disaster management studies in the secondary school curriculum would supplement. The GOTT also

recently established an Inter Ministerial team to ensure ODPM delivers on its mandate.

14. Inflation continues to decline

The latest Central Bank (CBTT) release indicates that headline inflation continued its downward trend in May to 7.9 percent down from 8.4 percent in April. Food price inflation, the main stimulus to headline inflation, slowed to 17.3 percent in May 2007 from 18.9 percent in April. Despite strong increases in the prices of fruit and fish, reduced meat and vegetable prices brought overall food price inflation down. Declines in the price of clothing, footwear, alcoholic beverages and tobacco resulted in a slight decrease in core inflation from 4.7 percent in April to 4.5 percent in May. Over the next months, increased grain prices on the international markets and the advent of floods in the local rainy season will pose new inflation control challenges for the CBTT. The "Repo" rate was maintained at 8.00 percent.

15. TSTT, Flow sign interconnect agreement

Local telecom provider Telecommunications Services of Trinidad and Tobago (TSTT) and Columbus Communications (Trinidad) Ltd., operator of cable TV provider Flow, concluded an interconnection agreement to link both companies' networks, enabling their respective customers to communicate with each other. According to the agreement, the same rate would apply for calls between both networks. The mobile termination rates in this agreement fall within the price range set by the arbitration panel established by the Telecommunication authority of T&T (TATT).

16. India invests in T&T

India's Bank of Baroda will open its first branch in Trinidad and
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Tobago in July 2007 with investment capital of US\$8 million. According to India's Minister of Overseas Indian Affairs Vayalar Ravi during a recent visit to T&T, Bank of Baroda (Trinidad and Tobago) Ltd. is just one example of Indian enterprises investing in T&T. Ravi highlighted another company, Essar, which is expected to begin constructing a US\$1.76 billion steel plant with an annual production capacity of 2.5 million tones later this year. Ravi added that there are opportunities in India for T&T businesses. T&T and India signed a bilateral investment protection and promotion agreement in March of this year during GOTT's Far East trade mission.

17. Non-energy investors hard to find

Professor Ken Julien, Chairman of Evolving Technologies and Enterprises Development Company (E-Teck) lamented at a recent E-Teck seminar that T&T was struggling to attract investment in the non-energy sectors, such as high-value manufacturing, services and knowledge-based industries, which are necessary to diversify the economy away from the energy sector. He said attracting investment was difficult because the non-energy sector does not have "the carrot" to attract investors like the energy sector does. He also blames international coverage of crime and security for deterring investment, as well as "deep-seated culture" by some State Enterprises and private sector companies for hindering the development of the non-energy sector. Julien proposed the creation of a "one-stop shop" for information about the country and its investment opportunities.

18. T&T opens trade office in Cuba

The GOTT Trade and Industry Minister Kenneth Valley introduced the new T&T Trade Facilitation Office in Cuba that will help build heavier, more consistent trade between Cuba and T&T. The office is expected to begin operations on August 1, with an official launch in November. Trade between Caricom and Cuba is currently valued at US\$68 million. According to Valley, this is the latest "part of the

jigsaw" for developing regional and Latin America trade ties. He and Ambassador Plenipotentiary Jerry Narace hope for further trade agreements with Central and South America, which Valley termed "acres of diamonds in our backyard," to offset the harsh effects of globalization and liberalization. There is also a proposal for an exchange student program between Latin America and T&T.

¶9. Work permit amendments go to Parliament

Cabinet recently approved amendments to the Immigration Act regulations making it easier for foreign workers to work in T&T. National Security Minister Martin Joseph said labor shortages in construction and other areas necessitate this regulation change and that these changes represent GOTT's efforts to improve all systems to developed country status by the year 2020. The proposed amendments aim "to simplify the processing and issuance of visas and work permits to non-nationals." The amendments are to be laid before the Parliament "at the earliest possible opportunity" and will provide for the following: electronic work permit applications through the egovernment portal; group work permit applications; multiple entry visas; fee increases from US\$8 to US\$63 for visa waivers to foreign nationals without visas entering T&T; and visa issuances by immigration officers to work permits holders upon arrival at a T&T port of entry. According to Joseph, although the Ministry would accept group work permit applications, each person will have to pass the customary security checks to receive individual permits.

¶10. Climate Change MOA signed

The University of the West Indies (UWI), St. Augustine Campus and the Caribbean Community Climate Change Centre (CCCCC) recently signed a Memorandum of Agreement (MOA) to engage in joint research, education and training on climate change. According to the UWI release, the MOA's research and education opportunities will concentrate on the geo-physical and socio-economic effects of climate change on tropical agriculture, biological diversity, sea levels and coastal erosion.

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